

The departmental budget review reconvened on April 15, 2010 at 10:41 a.m., and proceeded as follows:

(All seven members were noted present.)

FINANCE DEPARTMENT:

DARYL KANESHIRO: Do you want to take a break a five minute break or anything and then we will move right into Finance at this time.

KAIPO ASING: No, no.

Mr. Kaneshiro: Hopefully we can take up Finance before lunch.

Mr. Asing: Yes.

Mr. Kaneshiro: You want to do it now? Finish up take a break and then take Planning after lunch? Is that okay with the Committee?

Mr. Asing: The sooner the better.

Mr. Kaneshiro: Okay. Mr. Rezentes, good morning how are you today?

WALLY REZENTES, DIRECTOR OF FINANCE: Good morning.

Mr. Kaneshiro: You have the floor.

Mr. Rezentes: Good morning Finance Chair, Kaneshiro and Council members. I believe you have a copy of my presentation, since it's relatively short I will read it for the record. The Department of Finance is happy to present to the Kaua'i County Council it's budget for fiscal year 2011 of Eleven million, six hundred nine thousand, four hundred thirty nine dollars. I would like to first take this opportunity to say that I am very proud with the efforts of the Finance Department team members who have been working very hard and diligently with Les during these difficult economic times. I believe that our team members will continue to step forward, step to the plate and work hard in the upcoming fiscal year knowing that they will similarly have limited resources and less time to accomplish the task that are before them. The Department of Finance Mission Statement is to provide effective and efficient financial services to the people of Kaua'i and to all that we serve by establishing and maintaining a financial system that can properly account for its activities and financial position. The Department of Finance provides services to external and internal clients in the following areas. Finance Accounting, Real Property, both Assessment and Collections, Treasury, Motor Vehicle Registration, Drivers Licensing, Purchasing, Budgeting, Risk Management, Information Technology and I failed to mention Payroll Services. I am proud to mention a couple of recent accomplishments of our team. First as you know the Department of Finance team members has assisted in the Counties efforts of obtaining the highest credit ratings in county history, specifically with the joint efforts of the County Council Finance Chair, Kaneshiro and the Administration. We were able to obtain the following ratings: Standard and Poor's AA, Moody's AA3, Fitch & Co AA-. Each of these rating agencies has gone through different or has their own set of methods in which they rate municipalities and their own rating system so it's not an across the board rating system that you can cross compare. As a result of these improved ratings, the tax payers of the County of Kaua'i will be able to save an access of Two point nine million over the life of the bonds that we recently sold. As a result of taking advantage of the bill America bonds and the recovery zone economic development bonds, versus tax exempt bond programs tax payers will realize a savings of about Ten point seven million. I have also included an attachment which is on

the next page that comes from our bond underwriter I (not a word) that explains some of the savings that resulted. Secondly, through the efforts of our small but proficient accounting team and fiscal staff members throughout the county, we were able to obtain the Certificate of Achievement for Excellence in financial reporting this past year from the Government Finance Office Association. I am proud of our team members as to prove you can still accomplish a lot with less if you work together. I also wanted to recognize the efforts of now retired accounting systems administrator Myles Tone, who took on the task of early adopting GASB Statement 54 in Fiscal Year 10. GASB's intent with this Statement was to provide users more consistent and understandable information about each fund's net resources by further detailing and classifying fund balances. We were one of a few municipalities who opted for early adoption of this program. The Department of Finance's Fiscal Year 11 budget is Four point eight percent or Five hundred eighty five thousand, seven hundred forty two dollars less then it's current budget of Twelve Million one hundred ninety one thousand, one hundred eighty one dollars. The second attachment I provided also details an important area that the Finance Department is involved in and that's our insurance program and It's a comparison between our program as well as that of the other Counties and the State of Hawai'i. I believe the most important comparison that I wanted to share with you is between the County of Kaua'i, and the State of Hawai'i because of how lawsuits and settlements can be structured based on liability insurance coverage and retention levels. We will have continued discussions with the County Attorney's, and our insurance broker as to how we should position ourselves in the upcoming insurance program cycle. Major areas of budgetary changes are included on an attached excel spreadsheet, I did not include the changes in salaries and benefits in this spreadsheet due to the many divisions within the department. Overall, salary and fringe benefit reductions in the Department of Finance totaled \$775,151, which represents a 9.9% decrease. As far as positions the Department of Finance intends to keep vacant the following \$1 funded positions: Tax Clerk, Drivers License Examiner/Inspector, a Risk Management Officer, Payroll Specialist, Courier II. If circumstances arrive where we feel it may be prudent to hire, we will consider doing so after identifying internal funding sources. We intend to fill however the IT Specialist IV position, GIS and IT Security and the GIS IT Security Administrator position. As you are aware we have proposed two revisions in our Drivers Licensing and Vehicle Registration Programs. I see our County Treasure Dave Spanski just walked in and he is here to explain the details of this proposal if you would like to hear the plan that we had put forth in the budget.

Mr. Kaneshiro: Okay, any questions for Wally overall before we need Dave to come up, or would you rather have Dave come up?

Mr. Furfaro: Oh no my questions are with the presentation so Wally I'm on the last sheet a lot of the big items that show us comparisons and variances, Those that are in brackets, meaning that it is less than the previous year?

Mr. Rezentes: Less than the current year yes.

Mr. Furfaro: Or less than the year we are in now. So we got, Six hundred and fourteen thousand dollars, we are doing better than the previous year. I was still adding this up but it is roughly let's see one thirty, two seventy, three twenty, five forty five, it's almost a wash yeah.

Mr. Rezentes: Yes, I am these items that I listed here was just line items that I thought would be a good reference, a good highlight. It doesn't represent all of the variances.

Mr. Furfaro: I like looking at those that are more than Twenty-five thousand in variance and it looks like it comes out to a wash.

Mr. Rezentes: Roughly.

Mr. Furfaro: May I just ask a question pertaining to your April 20 meeting.

Mr. Kaneshiro: Absolutely.

Mr. Furfaro: Wally when we get into the April 20 period on evaluating what's in the budget for furloughs, could I ask you to just show us one day furlough means?

Mr. Rezentes: Sure.

Mr. Furfaro: Since we're not looking at big payroll numbers here.

Mr. Rezentes: The number is approximately, One point two million.

Mr. Furfaro: Okay. Maybe if I could see that I would appreciate it. The last quick question I have is, on the helicopter for the Fire Department. As we approve some monies and ear marked um for this year, there were like three options on the aircraft itself. I can't remember the name of the aircraft or the equipment number that we identify but, what is the financial picture as it relates to reserving that helicopter? Do we have to place an order and put a down payment this year? Could you just explain that a little bit more to me as it relates too how we are handling the money we approved this year, or is that money really due next year? I just want to get clear on that.

Mr. Rezentes: My understanding is the Fire department personnel are putting together an acquisition packet if you will. It includes some of the monies that are available in their present budget that the Council had approved for them. It also contemplate receipt of lease financing as well as grant financing that they are working out through State Civil Defense and these are homeland security funds. I think what we are; the Finance Department is currently assisting them in the lease financing portion. We are estimating, we have an estimate of what the lease amount will be net of the grant proceeds and the funding that the Council had already approved. I'm sorry I don't have the details but I know that my Finance Accounting Team is working on a portion of the acquisition package and the Fire Department is working on a different portion of the acquisition package. I can provide further details to you. I know that this morning they were on the phone with the manufacturer of the helicopter. I think everything is coming together but we have not yet ironed out all of the details.

Mr. Furfaro: If you recall on the first day I mentioned to the Mayor that I will be pursuing a little bit more information on that. You know just in my past practice I didn't ask the question of the Fire Department because I would think of the big item purchases and variances and I would rely more on finance for that. If you can at some point show us on the particulars related to the lease, the deposit requirements or what you refer to as the acquisition, I would really like to see it.

Mr. Rezentes: Okay. I can tell you that I think since the Fire Department had the discussion with Council members. They believe well we believe that we will be in a position of using less County funds and leveraging more federal funds that was presented to you folks. What was presented will look a lot better from the Counties per strings.

Mr. Furfaro: I think we understood that when we had that discussion but if I could put that in a question.

Mr. Kaneshiro: What we need to do is to address the question to the Fire Department. I think it's in the Fire Department Budget?

Mr. Furfaro: No, I understand it's in the Fire Department but I want to clarify what I said. He is the Chief Financial Officer of the County and I would like to have something that he looked at.

Mr. Kaneshiro: I understand but what I need to do is we need to get it to the right department and the department in turn will work with Finance to get the answers.

Mr. Rezentes: We will definitely work with them.

Mr. Furfaro: I will send the question over through Mr. Kaneshiro.

Mr. Kaneshiro: Okay.

Mr. Furfaro: Thank you.

Mr. Kaneshiro: With that, Mr. Chang.

DICKIE CHANG: Thank you. So Council member Furfaro, I guess that question should that question also add as to how you are going to fit the helicopter.

Mr. Kaneshiro: I don't want to get into too much discussion on this matter right now. Like I said it's in the Fire Departments budget, so what I think we need to do is go ahead and send some of the questions and direct it to wear the budgeted amount is currently and they can work with Finance and give us some answers. Is that okay with Committee members?

Mr. Furfaro: No that's fine and then delivery date will be the question.

Mr. Kaneshiro: Yes, absolutely. Councilmember Kawahara:

LANI KAWAHARA: Thank you. Good morning Wally. I think we discussed this last year but if you could review for me the risk management officer and the dollar funded. The risk management officer, does he provide advice on what types of things? Like possible litigation? What does the Risk Manager do?

Mr. Rezentes: He works closely with our County Attorney's office on and our third party administrator and broker on workers compensations, issues and I know they have at least a minimum of quarterly meetings and often times a lot more than that. These meetings occur with all the departments that have employees with existing workers compensation claims. He also works with our brokers annually on placing our property liability access work comp insurance programs in place by providing them with all the relevant data and information that is required. He insures that there is timely filing with the respective state agencies that require certain documentation to be submitted annually. He looks and works with our broker also as to the levels of insurance that we should consider having and also provides or organizes and puts together training programs that are relative to the risk management program. I think every year we have at least one or two training sessions for Employees County wide that he works on and he procures the services of outside consultants to provide those training opportunities to our staff.

Ms. Kawahara: So it sounds like he has oversight of all kinds of different departments. Meaning he works with all different departments with their legal issues.

Mr. Rezentes: Yes, definitely it traverses over. Yes definitely.

Ms. Kawahara: Okay so your Risk Management Officer is dollar funded? Or you have a Risk Management Coordinator?

Mr. Rezendes: Yes we currently have a Risk Management Coordinator that is staffed. We have a dollar funded Risk Management Officer presently that we held vacant for a couple of fiscal years already.

Ms. Kawahara: What is the difference between the Officer and the Coordinator? Are you getting Risk Management Quality work? Same work as you would out of the Risk Management Coordinator?

Mr. Rezendes: I think some of it is similar and I mean obviously if we had more resources to support the program we could probably enhance what the Risk Management program does. I think because we have it vacant it probably pulls more resources from myself and maybe others on my team as well as the County Attorney's office and various Deputy County Attorney's who support Risk Management. It is a team effort, definitely.

Ms. Kawahara: Okay, well I appreciate you guys working to do that. I guess my next question is. Does not having a Risk Management Officer for a couple of fiscal years impact the counties liabilities in different places? Does it give us an increase chance of being sued?

Mr. Rezendes: I don't know if I can say that. I think if I got to say that if we did not get the support that we have been getting from the County Attorney's Office in Risk Management areas perhaps yes, the answer would be yes. I have been here long enough and I have been through a few County Attorney's already that the level of service, have varied depending on the focus and the resources given to that department. Right now we are fortunate to have had the equivalent full time number of employees in the County Attorney's office increase so that has helped us and helped the other departments provide the other services that we provide. At this time, if you asked me ideally what I would want, definitely I would want to fund all my positions. At this time with the support that we are receiving from the County Attorney's office, I am comfortable and I believe the focus in Risk Management is adequate.

Ms. Kawahara: Okay, what would be the total amount in the budget if there was a Risk Management? How much is that?

Mr. Rezendes: I think roughly salaries, benefits maybe 130/140k.

Ms. Kawahara: Okay, and is it an appointed position? Is it EMS, I don't know what EMS is.

Mr. Rezendes: No, it's a civil service. Well I should say the way it's in the budget now it's a Civil Service position.

Ms. Kawahara: Okay, thank you. Just a few more questions, so the Risk Management Coordinator, I'm asking because we got the lawsuits coming down for different things and I'm assuming that a Risk Management Coordinator, Risk Management Officer would be in place to try and oversee that so that those things done happen. That's what they do right?

Mr. Rezendes: That's part of the job, definitely.

Ms. Kawahara: I'm particularly looking at training programs for Department heads. My next question is that last year you guys had a Nine thousand dollar line item for back log of office work plate files which was regular overtime. Does that still continue this year? The same

back log? I'm looking at in the Motor Vehicle Registration area. There was a Nine thousand dollar regular overtime life.

Mr. Kaneshiro: Dave can you come up please.

DAVID SPANSKI: I'm sorry, your question again.

Ms. Kawahara: In your Motor Vehicle regular salaries page, I'm looking at 2010 so I'm trying to find it in my 2011 it just carried over the same Nine thousand dollars. I was just wondering how that works and if it's an ongoing project?

Mr. Spanski: No. Overtime in Two thousand an actual was Eleven thousand dollars. Overtime actual in 2008 was Eighty three hundred. Overtime actual in 2000 was Ten Thousand. Overtime actual in 2006 was Ten thousand four hundred. You want me to keep going? It's a constant and what that is, is a Month end okay every month end you go to close out that month on the last day of the registration you go to close out that day. When you have absenteeism we have to close and we still have to balance at the end of the day so there will be some overtime there.

Mr. Kawahara: Absent, you mean when people are absent from work.

Mr. Spanski: Yes, for example. The front counter works at a equivalent of six and I mean there are six heads but they work at the equivalent of four point eight or five over the year. That's just a count for covering absenteeism and every month in overtime.

Ms. Kawahara: Okay and those you are trying to meet at the end of the month is certain regulations that have to be met.

Mr. Spanski: That's correct. We have to close out we have to get the mail if its mailed in we have to get it out as soon as possible. At the end of the day we stay open until 4:30 and the girls are still there processing until 4:30. They also have to close out and we have to balance the end of the day's books.

Ms. Kawahara: Okay. Thank you very much, very complete.

Mr. Kaneshiro: Any other questions? Chair Asing.

KAIPO ASING: Yes. It's kind of a follow up and I happen to agree with Councilmember Kawahara regarding the Risk Management Officer. Wally for me it's just a concern, I hope you look at it because the Council has always placed high priority on the Risk Management process area so it's just a concern and I wanted to let you know. At the same time I had a question mark on that and I see on the bottom your GIS and IT Security Administrator position and I put good on that so plus and minus so that's my comment, Thank you.

Mr. Kaneshiro: We will follow up on a question on that in regards to Councilmember Kawahara and also Chair Asing and this will give you some time to meet with the County Attorney and have some discussions and come back with some answers on that.

Mr. Kaneshiro: Mr. Bynum.

TIM BYNUM: I have several questions but I will start with Risk Management as well because I just want to clarify my mind. As I recall Wally you lobbied for this position and we never filled it, right? It got in the budget but never got filled.

Mr. Rezentes: Right.

Mr. Bynum: I also believe that the answer to the question is would it save us money?

Mr. Rezentes: Yes.

Mr. Bynum: I mean we have significant cost and disability claims and law suits related that the risk management, a row bus risk management program could really address. Outside the experience of having to work for the County Twenty five years ago, as a supervisor and we had a very extensive risk management program which required training of each employee that supervisors were audited each year to make that their employees got the training and we could show the cost benefit analysis very dramatic. I am hopeful that we will get to a point where we can realize your vision of making that more row bus thing. I want to recognize your initiative a couple of years ago pressing for that and I hope can get there sometime.

Mr. Rezentes: To be honest with you. That was for the Risk Management Officer, that was really the emphasis behind my statement that if circumstances arrive would we feel maybe prudent to hire we will consider doing do by identifying funding sources. To be honest with you that sentence there that I mentioned I had the Risk Management officer in mind and it is in the back of my mind that it is a priority.

Mr. Bynum: Right, and I know as the Chair said because we sit through on the Council those cost from disability claims and law suits and so on you know there is a dollar and cents issue but it is also about the quality of the experience of employees and keeping them safe and protected on the job. I just wanted to recognize your initiative on this in the past and if we can find a way and that would be a pretty high priority. I also agree with the Chair and I had some questions about that IT positions because I think we currently have one person focused on GIS and so if you are intending on filling that position, would that make that program stronger this position? And are there other positions that we hope to fund eventually for GIS?

Mr. Rezentes: Yes, right now that would be the position that we are focusing on in trying to hire. As you know there is another GIS Analyst and I'm not sure exactly what the title is that's within our planning department. We have one on our side in IT that concentrates county wide and one in Planning that is more for support for the planning department.

Mr. Bynum: I think that also is a very strong and valuable tool that we haven't totally realized yet and will help make us more efficient and save money and so I'm glad to see that those are moving. I had a question about insurance? I was surprised frankly to see a reduction in cost for liability Insurance and so is that because we had a bigger deductible? I mean did we have a different policy that has less coverage and that's why we realize the savings?

Mr. Rezentes: Yes and it's been a little harder to place in the present market . I know the last go around and I'm sure that Council member Furfaro in his private sector hat understands the technicality of the insurance market. It has been a lot more difficult to place our liability as well as our property insurance programs and I think you folks have read national headlines of how the insurance market has gone over the last year or two. There are just not that many companies to entertain insurance levels and risk the size of the county, so often times they are

willing to take smaller bites of smaller segments of our program. I want to go back to this statement of coverage's and if you look at the limits of liability between the County of Kaua'i and the State of Hawai'i, if they are larger potential claims they could involve both the County and the State of Hawai'i. When they look at settlements of law suits or claims they often look at limits of liability as well as SIR levels, retention levels. If you see on the bottom section, our limit is actually higher than that of the State of Hawai'i and our SIR is lower. In times of a settlement say the County and the State are most equally liable they don't necessarily look and getting the same amount from us and then the effect to the County of Kaua'i we have agreed ability to fund the settlement than they do if you look at our insurance program. Sometimes we need to look at the levels of how much coverage we have in comparison to the State. These are some of the things we are working on with our County Attorney's Office and our Broker to ensure that we position ourselves correctly as far as coverage and retention levels.

Mr. Bynum: So part of what you're saying is that if we have a better insurance package we might get hit harder in a joint civil suit or something.

Mr. Rezentes: Correct.

Mr. Bynum: Can you explain the term "Employment Practices Liability."

Mr. Rezentes: I care not to, I would rather have someone else with more of a background in it then I do but its relative to cost that could be incurred from a result from employee lawsuits, employee exposures etc...

Mr. Bynum: I believe our retention amount has changed there?

Mr. Rezentes: Yes and that increase of a quarter million were due to our inability of placing the policy at the lower retention level at a reasonable price. We did have to up the self insured retention for that program.

Mr. Bynum: I think maybe not in budget but I really want to look at this issue of Employment Practice Liability and Employment Practice Cost. I think that's also related to some of the answers we got from personnel even though I wasn't here. Risk Management, Training, Employment Practices impact the Counties cost, so we will save that for a future time. I have a growing list of questions for the 20th related to furloughs but I asked the Chair if I could ask a couple really brief over view questions or maybe heads up questions. You said to Council member Furfaro that one day it was one point two and I heard that from you a couple of months ago but then I also heard last week that our savings with furloughs was four point three. I don't understand for two days furloughs and the overall budget, is it two point four or is it four point three?

Mr. Furfaro: Wally you did your duty but we would like to see it summarized because I think some of the difference might actually be calculated in some of the accrued benefits too, so we need to have it broken down.

Mr. Kaneshiro: We will go ahead and get those questions written up but why don't you pop that question anyway so they can be prepared to come back with answers for us when they meet again on the 20th.

Mr. Rezentes: Yeah I know we did receive the posting for the 20th and I didn't go through the entire list of questions I'm not sure if that was one of them.

Mr. Bynum: There's more coming and a part of what and I don't understand and I'm writing these questions about savings and fringe especially retirement. I don't see how we can reduce retirement because of furloughs so I will send over the questions.

Mr. Kaneshiro: Good questions. And I hope we will be sending questions up to you in that regards. Go ahead Mr. Furfaro.

Mr. Furfaro: I want to concur that the list for the 20th is growing so I presume we should plan for the whole day.

Mr. Bynum: I'm wondering if we don't need to plan a call back day for that day.

Mr. Kaneshiro: Well, we will see once we get into that part of the session.

Mr. Furfaro: Just a real quick question. The fact of the matter your total earned wages for any one year, if you had loss twenty four days in furlough there is in fact though other benefits?

Mr. Rezentes: Yes.

Mr. Furfaro: Okay so your retirement contributions are based on the fact of your gross earnings for that period?

Mr. Rezentes: Gross earnings gross wages?

Mr. Furfaro: Wages.

Mr. Rezentes: Yes.

Mr. Furfaro: Well yeah for me it will be earnings and for us it's our wages. So yeah we need to have a breakdown that reflects that. Two items that I have just two items.

Mr. Kaneshiro: Okay you have the floor.

Mr. Furfaro: The training funding is increasing in our plan but overall I would like to see from some mechanism, what our training business plan is. What are we focusing our attention on? The other piece I'm just going to share this with Councilwomen Kawahara and I'm sure you remember my presentation on loss prevention. This was two years ago and you came back with your presentation but I'm approaching this a little differently. When we have the discussion about filling that position, The Council would like to know, what are the goals before just identifying job title search and so forth? So I will share this with you.

Ms. Kawahara: Thank you.

Mr. Furfaro: I think the goals of what we want to accomplish and so we can measure any savings is important.

Ms. Kawahara: Thank you for this.

Mr. Kaneshiro: Thank you, go ahead Councilmember Kawahara.

Ms. Kawahara: Thank you budget Chair. This one's for Dave because I like hearing him talk.

Mr. Kaneshiro: That's why we kept you here Dave. You wasn't going to get away easy.

Mr. Kawahara: I wanted to say that I was looking at the Motor Vehicle Operators license and I had received a call from a senior regarding the pass structure. It didn't seem to match up that the seniors were paying more for their licenses every year because of the structure. I'm glad to see and the way I looked at it seems like she was correct but now I see in this change that everything is equal, it's all four dollars and times the year their eight birthday, fourth birthday, second or first.

Mr. Spanski: Correct.

Ms. Kawahara: Prior to that it seemed like the seniors were paying a little bit higher at one point because they were doing every year while other people were doing second years or different years.

Mr. Spanski: Right and it just goes upon their age. Seventy two plus so if there is a Doctor's note attached when they come in then there's more things they will have to go through, they may not get it. They may have to test again, they might have to take a driving test based upon a Doctor's recommendation or they may not get a license based on a Doctor's recommendation.

Ms. Kawahara: I'm not questioning the getting of the licensees, it was just that they were paying Four dollars every year and the other people were paying and it wasn't matching up so it was more of a cost.

Mr. Spanski: Well and we never changed our rates.

Ms. Kawahara: So now it's great, it's equalized.

Mr. Spanski: Yeah so we're not inconsistent that way.

Ms. Kawahara: Great thank you for doing that and recognizing the little discrepancy, thanks.

Mr. Kaneshiro: Alright, with that thank you. Dave I kept you here for a reason because I wanted to recognize you for being one of the team members when we went up there to do the bond flow. Dave Spanski is the treasury was also there along with Mr. Rezentes, the Mayor and Mr. Costa from Economic Development. Even though they weren't a question for you I was just going to keep you for awhile so I could recognize you Dave.

Mr. Spanski: Thanks but my motto is hoof prints not news prints.

Mr. Kaneshiro: Any other comments or questions for Finance?

Mr. Furfaro: I also want to thank Dave, his work and so forth. I also want to thank him for agreeing to periodically actually coming before the Council and giving us a visual update on the treasures report like you did about two months ago. In this volatile time in the market and so forth it's good to have a professional like Dave to actually make a presentation to us so, thank you Dave.

Mr. Spanski: Yeah so hopefully you will never have to see my name in n newspaper.

Tim Bynum: Maybe today. Maybe we will get your name in the newspaper today. Because this is appreciate Dave time and I am appreciative of it and earlier when Council member Kawahara had a question you were like, boom, boom, boom, boom and that's the way I experienced you when you come here you are on it. I also assume that you are pleased about the changes in Drivers License because I believe we were well Drivers Licenses were costing us more.

Mr. Spanski: Right. If nothing is done for every amount of remittance or revenue dollar we take in we expand free. Based on general fund versus general fund, six employees that are covered by the general fund and with the drivers license revenue approximately if you spread it out in a trend analysis again you know there was a cycle change back in 1994 and it went from a four year to six year so we were losing approximately Seventy five thousand dollars in those two years because of the cycle and we never adjusted our rates.

Mr. Bynum: Right so I believe some Counties have a contribution to the general fund for their licenses

Mr. Bynum: Right so I believe some Counties have a contribution to the general fund for their license fees and we have a minus so hopeful we can turn that around with the Mayor's proposal this year.

Mr. Spanski: Well we will almost just about break even.

Mr. Bynum: Well that's a reasonable goal.

Mr. Spanski: If we maintain the request that was put in.

Mr. Furfaro: I have one more question. This is for Wally. Wally after we ran the experimental method of payments electronically for services. There was this one year period when we introduced it that we incurred certain costs associated with providing that convenience. Is that training period complete and are we now recovering fees associated with electronic capturing?

Mr. Rezentes: I'm glad I can dish that one to Dave.

Mr. Furfaro: Are we pau with the experimental time?

Mr. Spanski: Well I don't know if it was experimental time because back in 2007 we started the program. At that time it was determined that the County would pick up the convenience fee.

Mr. Furfaro: We understand that for one year.

Mr. Spanski: No.

Mr. Furfaro: No, no, no. We understood that for one year.

Mr. Spanski: Okay but that's not how it played out.

Mr. Furfaro: Okay so where are we?

Mr. Spanski: Okay, where are we now? Is that the customer now picks up the fee. If they pay with a accredit card and they have a hundred dollar bill, they pay the internet provider two dollars and fifty cents for their costs and infrastructure processing the payment and that's two dollars and fifty cents. If you pay and your bill is a hundred dollars the credit card fee is two point two percent, so now that's another two dollars and twenty cents. Let's say it's five dollars so now the payer will now pay one hundred plus two fifty plus two dollars and twenty cents. Prior to that it would be a hundred dollar bill, the consumer would pay the hundred dollars but we would net only ninety five.

Mr. Furfaro: I want to clarify something. I go to a teller a ATM machine and it's not my bank, I pay two dollars and twenty five cents to do that transaction for the convenience that I don't have to go all the way back to my branch at Territorial maybe I shouldn't say what my branch is. The reality is it was presented to us in such a way that we needed to have this experimental time so people would use the convenience to save gas, save time, save transport and so forth. Also at the same time it allowed us to build kind of a market segment of the Community that would make things convenient. I don't think I could go to First Hawaiian Bank or Bank of Hawai'i or any of the major banks and say, you know what I need to waive my charges for the convenience. But we did it for the first year and if I recall it totaled for the County about Seven hundred thousand dollars.

Mr. Spanski: Seven hundred nineteen thousand, nine hundred and forty-six dollars.

Ms. Kawahara: I knew you would know.

Mr. Furfaro: I had my carrot juice this morning too but now we need to say to them that you save transport you save time and you save gas.

Mr. Spanski: Correct.

Mr. Furfaro: And we provide that convenience for paying certain fees. Are we there yet? Is that what we are doing now?

Mr. Spanski: Yes we are doing that now.

Mr. Furfaro: I appreciate that Dave.

Mr. Spanski: Yes they are covering the fee and they are picking up their own convenience.

Ms. Kawahara: Good.

Mr. Furfaro: Well we are providing the convenience. The other choice is that they can drive in and pay at the counter.

Mr. Spanski: That's correct thank you.

KAIPO ASING: I have a follow up question to that. What does the trend show? Does the trend show it going up more payments or leveled off?

Mr. Spanski: Well we've been doing it since the beginning of January it's kind of dropping. For example overall with motor vehicles and real property and sewer, we had a

sixteen percent use rate at the peak. Now we are back down to twelve so it's coming back down for the last three months so it's coming down. They are opting to either mail it in or drive in.

Mr. Asing: That's what I was trying to get at, there is some cost.

Mr. Spanski: That's correct.

Mr. Asing: And I'm not sure...

Mr. Furfaro: Well it's a hard number and you got to remember that we have twelve percent now paying that had to come in, in, the past.

Mr. Asing: I understand that. I just wanted to know what the trend is and the fact and the plus and minuses on both sides. Both to the County and to the Community member, that's all I'm trying to do. Get that out and get that plain so that there is an understanding.

Mr. Spanski: Sure.

Mr. Asing: Thank you.

Mr. Spanski: Thank you.

Mr. Furfaro: You summarized it very well on both sides.

Mr. Kaneshiro: Alright thank you. Dave I think with the last two questions we will probably get your name in the newspaper now because he is still here writing even though you didn't want to.

Mr. Spanski: Why don't you guys just raise my raise?

Mr. Kaneshiro: That's a good one.

Mr. Spanski: Base it on performance.

Mr. Kaneshiro: Have a good one. Thank you very much Finance. With that we will take a ten minute recess we have the Planning Department here and we will go with planning next.

The Finance Department departmental budget review concluded at 11:30 a.m., and there being no objections, the meeting was in recess.